

AMENDED IN SENATE APRIL 24, 2000

**SENATE BILL**

**No. 1712**

**Introduced by Senator Polanco**

February 23, 2000

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An act to amend ~~Sections 871, 873, 874, 875, 876, and 878~~ *Section 871* of, ~~to add Section 883 to, to repeal and add Section 871.5 of, and to amend the heading of Article 8 (commencing with Section 871) of Chapter 4 of Part 1 of Division 1 of, the Public Utilities to add Section 883 to, and to repeal and add Section 871.5 of, the Public Utilities Code,~~ relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1712, as amended, Polanco. Universal ~~communication~~ *telephone* service.

The Moore Universal Telephone Service Act requires the Public Utilities Commission to establish a class of lifeline service necessary to meet minimum residential communications needs and establish rates and charges for that service. ~~The act also requires telephone corporations providing service within a service area to file a schedule of rates and charges providing a class of lifeline telephone services and provide information about these services to eligible subscribers.~~

This bill would require the commission, on or before February 1, 2001, to initiate an investigation to examine the current and future definitions of universal service, seeking input from a wide cross section of providers, users, and state agencies, and reporting findings and recommendations to the

Legislature. The bill would replace the term “universal telephone service” with the term “universal communication service.” The bill would require a telecommunications provider providing service within a service area to file a schedule of rates and charges providing a class of lifeline communications services and to provide information about those services to eligible subscribers. The bill would make related legislative findings and declarations.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. The heading of Article 8 (commencing~~  
2 ~~with Section 871) of Chapter 4 of Part 1 of Division 1 of~~  
3 ~~the Public Utilities Code is amended to read:~~

4  
5 Article 8. Universal Communication Service

6  
7 ~~SEC. 2.~~

8 *SECTION 1.* Section 871 of the Public Utilities Code  
9 is amended to read:

10 871. This article shall be known and may be cited as  
11 the Polanco-Moore Universal ~~Communication~~  
12 *Telephone Service Act of 2000.*

13 ~~SEC. 3.~~

14 *SEC. 2.* Section 871.5 of the Public Utilities Code is  
15 repealed.

16 ~~SEC. 4.~~

17 *SEC. 3.* Section 871.5 is added to the Public Utilities  
18 Code, to read:

19 871.5. The Legislature finds and declares all of the  
20 following:

21 (a) The Moore Universal Telephone Service Act,  
22 enacted in 1987, was intended to offer high quality basic  
23 telephone service at affordable rates to the greatest  
24 number of California residents, and has become an  
25 important means of achieving universal service by  
26 making residential service affordable to low-income  
27 citizens through the creation of a lifeline class of service.

(b) Factors such as competition and new research are resulting in the convergence of a variety of telecommunications technologies offering an expanded range of telecommunications services to users that incorporate voice, video, and data.

(c) It is the intent of the Legislature that the commission redefine universal telephone service by incorporating, to the extent feasible, two-way send and receive voice, video, and data as components of basic service. This incorporation will guarantee equity of access to high-speed networks that will do all of the following:

(1) Improve the quality of life among the residents of California.

(2) Expand access to public and private resources for education, training, and commerce.

(3) Increase access to public resources enhancing public health and safety.

(4) Assist in bridging the “digital divide” through expanded access to new technologies by low-income, disabled, or otherwise disadvantaged Californians.

(5) Shift traffic patterns by enabling telecommuting, thereby helping to improve air quality in all areas of the state and mitigating the need for highway expansion.

~~SEC. 5. Section 873 of the Public Utilities Code is amended to read:~~

~~873. (a) The commission shall annually do all of the following:~~

~~(1) Designate a class of lifeline service necessary to meet minimum residential communications needs.~~

~~(2) Set the rates and charges for that service.~~

~~(3) Develop eligibility criteria for that service.~~

~~(4) (A) Assess the degree of achievement of universal communication service, including telephone penetration rates, including wireless, wireline, satellite, cable, and Internet telephony, by income, ethnicity, and geography.~~

~~(B) This information shall be annually reported to the Legislature by the commission in a document that can be made public.~~

~~(b) Minimum residential communications needs include, but are not limited to, the ability to originate and~~

1 ~~receive calls and the ability to access electronic~~  
2 ~~information services.~~

3 ~~SEC. 6. Section 874 of the Public Utilities Code is~~  
4 ~~amended to read:~~

5 ~~874. The lifeline communication service rates and~~  
6 ~~charges shall be as follows:~~

7 ~~(a) In a residential subscriber's service area where~~  
8 ~~measured service is not available, the lifeline~~  
9 ~~communication service rates may not be more than 50~~  
10 ~~percent of the rates for basic flat rate service, exclusive of~~  
11 ~~federally mandated end user access charges, available to~~  
12 ~~the residential subscriber.~~

13 ~~(b) In a residential subscriber's service area where~~  
14 ~~measured service is available, the subscriber may elect~~  
15 ~~either of the following:~~

16 ~~(1) A lifeline communication service measured rate of~~  
17 ~~not more than 50 percent of the basic rate for measured~~  
18 ~~service, exclusive of federally mandated end user access~~  
19 ~~charges, available to the residential subscriber.~~

20 ~~(2) A lifeline flat rate of not more than 50 percent of~~  
21 ~~the rates for basic flat rate service, exclusive of federally~~  
22 ~~mandated end user access charges, available to the~~  
23 ~~residential subscriber.~~

24 ~~(c) The lifeline communication service installation or~~  
25 ~~connection charge, or both, may not be more than 50~~  
26 ~~percent of the charge for basic residential service~~  
27 ~~installation or connection, or both. The commission may~~  
28 ~~limit the number of installation and connection charges,~~  
29 ~~or both, that may be incurred at the reduced rate in any~~  
30 ~~given period.~~

31 ~~(d) There shall be no charge to the residential~~  
32 ~~customer who has filed a valid eligibility statement for~~  
33 ~~changing out of lifeline service.~~

34 ~~(e) The commission shall assess whether there is a~~  
35 ~~problem with customers who fraudulently obtain lifeline~~  
36 ~~communication service. If the commission determines~~  
37 ~~that there is a problem, it shall recommend and~~  
38 ~~promulgate appropriate solutions. This assessment and~~  
39 ~~the solutions determined by the commission may not, in~~

1 and of themselves, change the procedures developed  
2 pursuant to Section 876.

3 SEC. 7. Section 875 of the Public Utilities Code is  
4 amended to read:

5 875. (a) In addition to Section 874, every lifeline  
6 communication service subscriber shall be given an  
7 allowance, reduced by the amount of any credit or  
8 allowance authorized by the Federal Communications  
9 Commission, equal to the then current or announced  
10 federally mandated residential end-user access charges.

11 (b) The commission may, in a separate proceeding,  
12 establish procedures necessary to ensure that the lifeline  
13 communication service program qualifies for any federal  
14 funds available for the support of those programs.

15 SEC. 8. Section 876 of the Public Utilities Code is  
16 amended to read:

17 876. The commission shall require every  
18 telecommunications provider providing communication  
19 service within a service area to file a schedule of rates and  
20 charges providing a class of lifeline communication  
21 service. Every telecommunications provider providing  
22 service within a service area shall inform all eligible  
23 subscribers of the availability of lifeline communication  
24 service, and how they may qualify for and obtain service,  
25 and shall accept applications for lifeline communication  
26 service according to procedures specified by the  
27 commission.

28 SEC. 9. Section 878 of the Public Utilities Code is  
29 amended to read:

30 878. (a) A lifeline communication service subscriber  
31 shall be provided with one single party line at his or her  
32 principal place of residence, and no other member of that  
33 subscriber's family or household who maintains residence  
34 at that place is eligible for lifeline communication service.

35 (b) An applicant for lifeline communication service  
36 may report only one address in this state as the principal  
37 place of residence.

38 SEC. 10.

39 SEC. 4. Section 883 is added to the Public Utilities  
40 Code, to read:

1 883. (a) The commission shall, on or before February  
2 1, 2001, issue an order initiating an investigation and  
3 opening a proceeding to examine the current and future  
4 definitions of universal ~~communication~~ service. That  
5 proceeding shall include public hearings that encourage  
6 participation by a broad and diverse range of interests  
7 from all areas of the state, including, but not limited to,  
8 all of the following:

9 (1) Consumer groups.

10 (2) Communication service providers, *including all*  
11 *providers of high-speed access services.*

12 (3) *Facilities-based telephone providers.*

13 (4) *Information service providers and Internet access*  
14 *providers.*

15 (5) Rural and urban users.

16 ~~(4)~~

17 (6) *Public interest groups.*

18 (7) Representatives of small and large businesses and  
19 industry.

20 ~~(5)~~

21 (8) *Local agencies.*

22 (9) State agencies, including, but not limited to, all of  
23 the following:

24 (A) The Trade and Commerce Agency.

25 (B) The Business, Transportation and Housing  
26 Agency.

27 (C) The State and Consumer Services Agency.

28 (D) The Department of Information Technology.

29 (E) The State Department of Education.

30 (F) The State Department of Health Services.

31 (G) The California State Library.

32 ~~(6)~~

33 (10) Colleges and universities.

34 (b) The objectives of the proceeding set forth in  
35 subdivision (a) shall include all of the following:

36 (1) To redefine universal service in light of current  
37 trends toward accelerated convergence of voice, video,  
38 and data, with an emphasis on the role of basic service in  
39 the workplace, in the availability of education and

1 training, access to health care, and increased public  
2 safety.

3 (2) To evaluate the extent to which technological  
4 changes are reducing the relevance of prior  
5 segmentation across these technologies.

6 (3) *To receive broad-based input from a cross section*  
7 *of interested parties and make recommendations on how*  
8 *video and data providers can be incorporated into an*  
9 *enhanced Universal Lifeline Service program, as*  
10 *specified, including relevant policy recommendations*  
11 *regarding fees and surcharges.*

12 (4) To reevaluate prior definitions of basic service in  
13 a manner that will effectively incorporate the latest  
14 technologies to provide all California residents with all of  
15 the following:

16 (A) Improved quality of life.

17 (B) Expanded access to public and private resources  
18 for education, training, and commerce.

19 (C) Increased access to public resources enhancing  
20 public health and safety.

21 (D) Assistance in bridging the “digital divide”  
22 through expanded access to new technologies by low  
23 income, disabled, or otherwise disadvantaged  
24 Californians.

25 ~~(4) To~~

26 (5) *To assess projected costs of providing enhanced*  
27 *universal lifeline service in accordance with the intent of*  
28 *this article, and to delineate the subsidy support needed*  
29 *to maintain the redefined scope of universal service in a*  
30 *competitive market.*

31 ~~(5)~~

32 (6) To design and recommend an equitable and  
33 broad-based subsidy support mechanism for universal  
34 communication service in freely competitive markets.

35 ~~(6)~~

36 (7) To develop a process to periodically review and  
37 revise the definition of universal communication service  
38 to reflect new technologies and markets.

39 (c) *In conducting its investigation, the commission*  
40 *shall take into account the role played by a number of*

1 *diverse but convergent industries, in addition to*  
2 *telephone service providers regulated by the*  
3 *commission. For example, in contrast to telephone*  
4 *utilities, manufacturers and service providers from other*  
5 *industries are either unregulated or regulated at the local*  
6 *or federal level.*

7 (d) The commission shall complete its investigation  
8 and report to the Legislature its findings and  
9 recommendations on or before January 1, 2002. The  
10 recommendations of the commission shall be consistent  
11 with state policies for telecommunications as set forth in  
12 Section 709, and with all of the following principles:

13 (1) Essential universal ~~communication~~ service shall be  
14 provided at affordable prices to all Californians regardless  
15 of linguistic, cultural, ethnic, physical, financial, and  
16 geographic considerations.

17 (2) In order to effectively bridge the digital divide  
18 between the information rich and information poor,  
19 there must be an ongoing evaluation by the commission  
20 of those services that shall appropriately be deemed  
21 essential, and therefore, a part of universal service.

22 (3) Public policy shall be to provide incentives, as  
23 needed, to promote deployment of advanced  
24 telecommunications technology to all customer  
25 segments.

26 (4) Consumers shall be provided access to all  
27 information needed to allow timely and informed choices  
28 about telecommunications products and services and  
29 how to best use them.

30 (5) Education, health care, community, and  
31 government institutions shall be positioned as early  
32 recipients of the new and emerging technologies so as to  
33 maximize the economic and social benefit of these  
34 services.

35 (6) All parties involved in providing services utilizing  
36 evolving telecommunications networks shall adhere to  
37 the same guidelines regarding mutual interconnectivity,



1 interoperability, common carriage, reliability, privacy,  
2 and security.

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